



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Betty Rivera

Cabinet Secretary

August 14, 2002

Lori Wrotenbery

Director

Oil Conservation Division

Par Minerals Corporation
509 Market Street – Suite 300
Shreveport, LA 71101-3275

Attention: **Randall G. Rogers**

Re: Administrative application (application reference No. **pKRV0-221134586**) for what is presumed to be an exception to Division Rule 104.C (2) (a), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, for Par Minerals Corporation's proposed State "25" Well No. 1 at an unorthodox gas well location 2310 feet from the North line and 1980 feet from the West line (Unit F) of Section 25, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico, within a standard 320-acre deep gas spacing unit comprising the W/2 of Section 25.

Dear Mr. Rogers:

Well location exceptions or unorthodox well locations in New Mexico are granted for specific pools/formations. Your application references no such interval(s). Further, in reviewing the subject application at face value and assuming no other factors, it would appear that there are many other locations within the W/2 of Section 25 that meet the set back requirements while avoiding the "existing power line."

The conservation rules in all oil and gas producing states governing well spacing and the placement of these wells within such drilling tracts and spacing units have been enacted to promote the orderly development of that states valuable oil and gas resources by preventing waste, protecting correlative rights, and preventing the drilling of unnecessary wells. It is very easy to get into a mode of thinking that considers these rules as minor inconveniences and applications for exceptions as "open and shut" issues.

I have also enclosed a copy of an official "Notice" from the Division dated October 25, 1999 concerning the Division's current well location rules.

This unorthodox deep gas well location, being deemed unnecessary and unwarranted at this time, is therefore **denied**.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: **New Mexico Oil Conservation Division - Artesia**
New Mexico State Land Office - Santa Fe
Kathy Valdes, NMOCD – Santa Fe